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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 1992

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 0-7269

Comerica Incorporated
(Exact name of registrant as specified in its charter)

Delaware	38-1998421
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

100 Renaissance Center
Suite 3800
Detroit, Michigan
48243
(Address of principal executive offices)
(Zip Code)

(313) 222-4000
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No _____

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

$5 par value common stock:
outstanding as of July 31, 1992: 56,903,000 shares

PART I FINANCIAL INFORMATION

Item 1. Financial Statements

CONSOLIDATED BALANCE SHEET

Comerica Incorporated and Subsidiaries
(in thousands, except share data)

		June 30 1992	Dec. 31 1991	June 30 1991
Assets	Cash and due from banks	$ 1,483,866	$ 1,449,467	$ 1,568,103
	Interest-bearing deposits with banks	1,005,413	1,429,728	1,363,052
	Federal funds sold and securities purchased under agreements to resell	1,512,306	1,933,714	915,909
	Trading account securities	13,729	14,254	94,028
	Mortgages held for sale	173,954	139,597	108,496
	U.S. Government and agency securities	3,079,197	3,222,948	3,215,380
	State and municipal securities	796,426	873,784	882,560
	Other securities	723,497	1,172,556	1,175,297
	Total securities (market value of $4,784,000 at 6/30/92, $5,519,000 at 12/31/91, and $5,300,000 at 6/30/91)	4,599,120	5,269,288	5,273,237
	Commercial loans	7,681,974	7,407,270	7,114,275
	International loans	789,675	549,072	476,674
	Real estate construction loans	673,798	820,333	840,791
	Commercial mortgage loans	2,291,866	2,298,413	2,158,420
	Residential mortgage loans	2,305,494	2,421,719	2,451,457
	Consumer loans	3,355,307	3,382,412	3,392,690
	Lease financing	190,129	199,592	169,052
	Total loans	17,288,243	16,908,813	16,754,359
	Less allowance for loan losses	(277,051)	(266,536)	(259,525)
	Net loans	17,001,192	16,642,277	16,494,834
	Premises and equipment	346,592	339,307	331,445
	Customers' liability on acceptances outstanding	34,900	26,541	20,101
	Accrued interest income and other assets	614,053	715,488	710,549
	Total assets	$26,784,913	$27,959,991	$26,330,097
Liabilities	Demand deposits (noninterest-bearing)	$ 3,770,147	$ 3,644,431	$ 3,652,515
	Interest-bearing deposits	15,180,006	15,428,127	15,457,225
	Deposits in foreign offices	1,682,940	1,777,764	1,778,940
	Total deposits	20,633,093	20,850,322	20,888,678
	Federal funds purchased and securities sold under agreements to repurchase	780,877	1,900,329	673,873
	Other borrowed funds	2,734,045	3,333,339	2,774,658
	Acceptances outstanding	34,900	26,541	20,101
	Accrued expenses and other liabilities	368,334	333,529	397,029
	Long-term debt	297,414	301,224	321,644
	Total liabilities	24,848,663	26,745,184	25,075,983
Shareholders' Equity	Nonredeemable preferred stock - $50 stated value:			
	Authorized - 10,000,000 shares			
	Issued and outstanding - 855,688 shares	37,635	37,635	37,635
	Common stock - $5 par value:			
	Authorized - 250,000,000 shares			
	Issued - 56,883,223 shares at 6/30/92, 56,550,754 shares at 12/31/91 and 43,712,323 shares at 6/30/91	284,416	282,754	218,562
	Capital surplus	487,346	480,099	391,991
	Retained earnings	1,681,287	1,675,858	1,540,757
	Less cost of common stock in treasury - 47,341 shares at 12/31/91 and 51,307 shares at 6/30/91	—	(1,329)	(2,730)
	Total shareholders' equity	1,936,134	1,684,987	1,186,132
	Total liabilities and shareholders' equity	$26,784,913	$27,959,991	$26,330,097

Consolidated Statement of Income

Comerica Incorporated and Subsidiaries
(in thousands, except per share data)

		Three Months Ended June 30		Year to Date June 30	
		1992	1991	1992	1991
Interest Income	Interest and fees on loans	$ 361,481	$ 398,734	$ 723,695	$ 809,007
	Interest on investment securities:				
	Taxable	80,186	104,307	171,706	211,801
	Exempt from federal income taxes	14,110	15,425	28,521	31,144
	Total interest on investment securities	94,296	119,950	200,227	242,945
	Trading account interest	434	1,159	1,191	1,921
	Interest on federal funds sold and securities purchased under agreements to resell	4,513	4,482	7,804	9,455
	Interest on time deposits with banks	11,670	20,940	26,433	51,777
	Interest on inventories held for sale	4,318	2,309	7,543	3,713
	Total interest income	476,312	547,574	971,893	1,118,818
Interest Expense	Interest on deposits	182,362	252,114	378,118	518,984
	Interest on short-term borrowings:				
	Federal funds borrowed and securities sold under agreements to repurchase	12,759	20,183	29,880	44,442
	Other borrowed funds	11,317	19,723	26,522	46,729
	Interest on long-term debt	5,901	6,803	11,881	14,553
	Net interest rate swap (income)	(7,023)	(3,461)	(13,966)	(5,330)
	Total interest expense	205,316	295,362	431,435	618,847
	Net interest income	271,196	252,212	540,458	499,971
	Provision for loan losses	30,708	35,506	60,550	68,858
	Net interest income after provision for loan losses	240,488	216,716	479,908	431,113
Noninterest Income	Income from fiduciary activities	28,235	28,067	56,761	54,997
	Service charges on deposit accounts	26,400	24,709	53,523	47,963
	Customhouse broker fees	9,277	8,919	18,290	17,140
	Revolving credit fees	8,140	7,809	16,100	14,965
	Securities gains	192	105	1,557	370
	Other noninterest income	26,715	22,486	51,748	43,264
	Total noninterest income	98,259	92,095	198,079	178,699
Noninterest Expense	Salaries and employee benefits	123,227	120,950	249,750	239,166
	Net occupancy expense	19,757	20,009	40,352	39,782
	Equipment expense	14,146	13,331	28,134	26,634
	FDIC insurance expense	10,626	9,573	21,252	19,153
	Restructuring charge	128,000	—	128,000	—
	Other noninterest expense	64,650	61,305	127,980	125,362
	Total noninterest expense	360,406	255,168	595,548	430,297
	Income (loss) before income taxes	(21,659)	76,643	82,437	179,515
	Provision for income taxes (credit)	(6,270)	25,083	24,473	48,994
	Net income (loss)	$ (15,389)	$ 67,560	$ 58,964	$ 130,519
	Net income (loss) applicable to common stock	$ (16,287)	$ 66,637	$ 57,157	$ 128,712
Earnings Per Common Share	Net income (Loss):				
	Primary	$ (.28)	$ 1.22	$ .99	$ 2.39
	Fully diluted	$ (.28)	$ 1.22	$ .99	$ 2.37
	Primary average shares	57,307	54,399	57,743	53,916
	Cash dividends declared	$ 26,588	$ 22,285	$ 51,728	$ 43,381
	Dividends per share	$ .47	$ .47	$ .94	$ .90

Consolidated Statement of Changes in Shareholders' Equity

Six Months Ended June 30 (dollars in thousands)
Comerica Incorporated and Subsidiaries

	Nonredeemable Preferred Stock	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Shareholders' Equity
Balances at January 1, 1991	$57,605	$ 92,385	$169,571	$ 540,173	$ —	$ 860,736
Balances of Manufacturers at January 1, 1991	—	155,685	73,492	515,469	67,536	737,110
Pooling of interests adjustment	—	(92,433)	92,433	—	—	—
Balances at January 1, 1991, as restated	57,605	155,637	335,496	1,055,642	67,536	1,577,846
Net income for 1991	—	—	—	130,519	—	130,519
Cash dividends declared:						
Preferred stock	—	—	—	(1,807)	—	(1,807)
Common stock	—	—	—	(43,381)	—	(43,381)
Issuance of 2,760,000 shares of common stock	—	13,800	93,763	—	—	107,563
Issuance of common stock under employee and security holder stock plans and for conversion of debentures	—	1,884	9,074	(218)	4,733	15,293
Three-for-two stock split	—	47,151	(47,151)	—	—	—
Amortization of deferred compensation	—	—	696	—	—	696
Other	—	(10)	(87)	—	—	(97)
Balances at June 30, 1991	$57,605	$215,362	$391,991	$1,140,757	$ (2,733)	$1,236,152
Balances at January 1, 1992	$57,605	$282,754	$490,039	$1,075,858	$ (1,329)	$1,884,987
Net income for 1992	—	—	—	58,964	—	58,964
Cash dividends declared:						
Preferred stock	—	—	—	(1,807)	—	(1,807)
Common stock	—	—	—	(51,728)	—	(51,728)
Issuance of common stock under employee stock plans and for conversion of debentures	—	1,673	7,018	—	1,329	10,020
Amortization of deferred compensation	—	—	851	—	—	851
Other	—	(11)	(121)	—	—	(132)
Balances at June 30, 1992	$57,605	$284,416	$497,346	$1,081,287	$ —	$1,901,154

Consolidated Statement of Cash Flows

Comerica Incorporated and Subsidiaries
(In thousands)

	Six Months Ended June 30	
	1992	1991
Operating Activities		
Net income	$ 58,964	$ 130,519
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	60,350	48,358
Depreciation	25,391	24,257
Restructuring charge	107,954	—
Net (increase) decrease in trading account securities	535	(24,080)
Net increase in mortgages held for sale	(14,337)	(47,211)
Net (increase) decrease in accrued income receivable	(6,649)	27,860
Net decrease in accrued expenses	(76,462)	(99,976)
Net amortization of the excess of cost over book value acquired	9,797	9,834
Other, net	77,729	(150,809)
Total adjustments	184,108	(211,267)
Net cash provided by (used in) operating activities	243,072	(80,748)
Investing Activities		
Net decrease in interest-bearing deposits with banks	424,316	250,193
Net (increase) decrease in federal funds sold and other short-term investments	610,808	(830,469)
Proceeds from sale of securities	40,453	101,677
Proceeds from maturity of securities	1,312,156	592,318
Purchases of securities	(900,149)	(432,923)
Net increase in loans (other than purchased loans)	(577,313)	(27,732)
Purchase of loans	(44,867)	—
Fixed assets, net	13,255	(13,082)
Net (increase) decrease in customers' liability on acceptances outstanding	(8,259)	14,109
Net cash used in acquisition / sale	—	(19,591)
Net cash provided by (used in) investing activities	1,870,370	(365,500)
Financing Activities		
Net increase in deposits	348,271	448,623
Net decrease in short-term borrowings	(1,618,966)	(145,922)
Net increase (decrease) in acceptances outstanding	8,259	(14,109)
Repayments and purchases of subordinated and other notes	(3,810)	(4,426)
Proceeds from issuance of common stock and other capital transactions	10,738	123,455
Dividends paid	(53,535)	(45,180)
Net cash provided by (used in) financing activities	(1,309,043)	362,433
Net increase (decrease) in cash and due from banks	4,399	(83,815)
Cash and due from banks at beginning of year	1,449,467	1,451,918
Cash and due from banks at end of period	$ 1,453,866	$ 1,368,103
Interest paid	$ 472,237	$ 699,925
Income taxes paid	$ 63,086	$ 62,309

Notes to Consolidated Financial Statements
Comerica Incorporated and Subsidiaries

Note 1 - Basis of Presentation

The accompanying unaudited financial statements have been prepared by the registrant in accordance with generally accepted accounting principles for interim financial information and with instructions to Form 10-Q and Rule 10-01 of Regulation S-X. In the opinion of management, all adjustments of a normal recurring nature, with the exception of the restructuring charge, have been made which are necessary for the fair presentation of the statement of financial position and results of operations for the periods presented. The results for the three months ended June 30, 1992 may not necessarily be indicative of the results for the full year.

The historical financial statements have been restated to include the financial information of Manufacturers National Corporation, which merged into Comerica on June 18, 1992 in a transaction accounted for as a pooling of interests. The merger was accomplished by exchanging .81 share of Comerica common stock for each share of Manufacturers common stock in a tax-free exchange.

Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes", was adopted in the second quarter of 1992, with no material impact on the financial statements.

Note 2 - Investment Securities

At June 30, 1992 investment securities having a carrying value of $2,728,000,000 were pledged where permitted or required by law to secure liabilities and public and other deposits including deposits of the State of Michigan of $11,000,000.

Notes to Consolidated Financial Statements
Comerica Incorporated and Subsidiaries

Note 3 - Nonperforming Assets

The table below summarizes nonperforming assets, and loans which are contractually past due 90 days or more as to interest or principal payments. Nonperforming assets consist of nonaccrual loans, reduced-rate loans, and other real estate. Nonaccrual loans are those on which interest is recognized only upon receipt. Reduced-rate loans are those on which interest has been renegotiated to lower than market rates because of the weakened financial condition of the borrowers. Nonaccrual and restructured loans are included in loans on the consolidated balance sheet.

(in thousands)	June 30, 1992	Dec. 31, 1991
Nonaccrual loans		
Commercial loans	$ 96,200	$ 89,501
International loans	262	262
Real estate construction loans	49,635	56,923
Real estate loans	77,484	55,033
Total	223,581	201,719
Reduced-rate loans	322	251
Total nonperforming loans	223,903	201,970
Other real estate	29,461	36,237
Total nonperforming assets	$ 253,364	$ 238,207
Loans past due 90 days	$ 59,318	$ 53,600

Note 4 - Allowance for Loan Losses

An analysis of changes in the allowance for loan losses included in the consolidated balance sheets as follows:

	1992	1991
Balance at January 1	$ 266,536	$ 251,064
Allowance Acquired	846	4,407
Loans charged off	59,458	57,859
Recoveries on loans previously charged off	8,779	13,055
Net loans charged off	50,679	44,804
Provision for loan losses	60,350	48,858
Balance at June 30	$ 277,053	$ 259,525

Note 5 - Long-term Debt

Long-term debt consisted of the following at June 30, 1992 and December 31, 1991:

	June 30, 1992	December 31, 1991
9% subordinated convertible debentures due November, 1992	$ 335	$ 361
10% subordinated convertible debentures due September, 1993 to September, 2000	2,285	2,738
Floating rate equity commitment notes due June, 1997	62,500	62,500
9 3/4% equity commitment notes due May, 1999	75,000	75,000
10 1/8% subordinated debentures due June, 1998	75,000	75,000
12.5% notes payable due July, 1992 to July, 1993	3,244	2,898
FDIC subordinated note of subsidiary due December, 1992 to December, 1995	17,719	17,808
Floating rate subordinated notes due 1996	50,000	53,000
Floating rate subordinated notes due 2004	3,120	3,120
Notes payable of subsidiaries bearing interest at rates ranging from 5.45% to 13% and maturing on dates ranging from 1992 through 2000	8,211	8,799
Total Comerica Incorporated	$ 297,414	$ 301,224

Note 6 - Income Taxes

The provision for income taxes is computed by applying statutory federal income tax rates to income before income taxes as reported in the financial statements after deducting non-taxable items, principally interest income on state and municipal securities and nondeductable items in the restructuring charge. In the second quarter of 1992 Comerica adapted, SFAS 109, "Accounting for Income Taxes", the impact of which was immaterial.

Note 7 - Restructuring Charge

In connection with the June 18, 1992 merger with Manufacturers National Corporation, a restructuring charge of $92 million ($1.59 per share) was recorded to accrue for the reduction of 1,800 positions in the combined entities; properties and equipment costs associated with writing off duplicative facilities and computer systems; and advisory fees.

ITEM 2. Management's Discussion and Analysis of Results of Operations and Financial Condition

Results of Operations

On June 18, 1992, Comerica Incorporated merged with Manufacturers National Corporation in a transaction accounted for as a pooling of interests. The transaction was accomplished by exchanging each share of Manufacturers common stock for .81 share of Comerica common stock on a tax-free basis. All historical financial information have been restated to reflect the merger. In connection with the merger, Comerica recorded a restructuring charge of $92 million ($1.59 per share) to accrue for the reduction of 1,800 positions in the combined entities; properties and equipment costs associated with writing off duplicated facilities and computer systems; and advisory fees.

Fully diluted earnings per share were $.99 for the six months ended June 30, 1992. Excluding the impact of the restructuring charge, fully diluted earnings per share would have been $2.58 in 1992 compared to $2.37 in 1991. A loss per share of $.28 for the second quarter of 1992 (earnings of $1.30 excluding the restructuring charge) compared to fully diluted earnings per share of $1.22 in the second quarter of 1991.

Net Interest Income

Net interest income for the second quarter of 1992 increased by $17.4 million or 6.6 percent on a fully taxable equivalent basis over the second quarter of 1991. As shown below, net interest income growth was attributable to a net interest margin increase to 4.72 percent in the second quarter of 1992 from 4.56 percent in the second quarter 1991, and average earning assets growth of 2.7 percent.

	Effect on Net Interest Income (FTE) (in millions)
Increase in net interest margin	$ 10
Increase in average earning assets	7
	$ 17

Within total average earning assets, loans replaced lower yielding short-term assets, which changed the mix of earning assets and contributed to the higher margin. The margin also benefited from a declining rate environment and a larger contribution of non-interest bearing sources of funds, partly due to a common stock offering in June, 1991.

Provision for Loan Losses

The provision for loan losses was $30.7 million in the second quarter of 1992 versus $25.5 million in the second quarter of 1991. The provision is predicated upon maintaining an adequate allowance for loan losses. The allowance for loan losses is discussed under the section entitled "Financial Condition."

Noninterest Income

Noninterest income for the quarter ended June 30, 1992, increased 6.7 percent from the same period in 1991. Increased activity in the mortgage banking business and fees for loan commitments and stand-by guarantees caused the improvement in other noninterest income.

Noninterest Expenses

Included in noninterest expenses is a $128 million restructuring charge and a $2.5 million write-down in anticipation of selling certain leasing assets which no longer meet the corporation's profitability goals. Excluding these two charges, total noninterest expenses increased 1.6 percent in the second quarter of 1992 over the same period in 1991. Expense growth was low due to on-going cost containment programs and preliminary merger savings from staff reductions.

Provision for Income Taxes

Excluding the $36 million tax effect of the restructuring charge, the provision for income taxes increased at approximately the same rate as income before income taxes. The provision for income taxes differs from taxes calculated at the statutory rate, principally from tax-exempt interest income on state and municipal securities and nondeductible items in the restructuring charge. Comerica adopted SFAS 109, "Accounting for Income Taxes", in the second quarter of 1992, the impact of which was immaterial.

Financial Condition

The decline in federal funds sold and other investment securities was offset by declines in federal funds purchased and other borrowed funds as opportunities to earn small spreads on these positions dissipated. U.S. Government and agency securities declined from payments on mortgage-backed securities, which have

accelerated with declines in market rates and mortgage loan refinancings.

The increase of $369 million in loans since December 31, 1991 was concentrated in international loans which contained no LDC transfer risk.

The allowance for loan losses at June 30, 1992 was $277.1 million, an increase of $10.5 million since December 31, 1991. As a percent of total loans, the allowance was 1.60 percent at June 30, 1992 the same as December 31, 1991. Net charge-offs were $24.8 million for second quarter of 1992, and $25.6 million for the comparable 1991 period. An analysis of the allowance for loan losses is contained in the notes to the consolidated financial statements.

Nonperforming assets did not change significantly from December 31, 1991 and were categorized as follows:

Nonperforming assets	June 30, 1992	December 31, 1991
	(In millions of dollars)	
Nonaccrual loans:		
Commercial	$ 96.2	$ 89.5
International	.3	.3
Real estate construction	49.6	56.9
Real estate loans	77.5	55.0
Total nonaccrual loans	223.6	201.7
Reduced-rate loans - commercial	.3	.3
Total non-performing loans	223.9	202.0
Other real estate	29.5	36.2
Total non-performing assets	$ 253.4	$ 238.2
As a percent of total loans	1.46%	1.41%

Capital

Shareholders equity declined in the second quarter of 1992 due to the $92 million after-tax restructuring charge, however approximately $5 million of capital was generated by common stock issued under employee and shareholder plans, principally from exercises of stock options.

Capital ratios continue to comfortably exceed regulatory minimums and were as follows:

	June 30, 1992	December 31, 1991
Minimum leverage ratio (3.00 - minimum)	6.90%	6.61%
Tier 1 risk-based capital (4.0 - minimum)	8.44	8.13
Total risk-based capital (8.0 - minimum)	10.88	10.69

PART II

ITEM 6. Exhibits and Reports on Form 8-K

(a) Exhibits

11. Statements re: computation of earnings per share

(b) Reports on Form 8-K

Report dated June 18, 1992 - Merger with Manufacturers National Corporation

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

COMERICA, INCORPORATED
(Registrant)

Paul H. Hartzowka
Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

Arthur W. Hermann
Senior Vice President & Controller
(Principal Accounting Officer)

Date: August 13, 1992

EXHIBIT 11 – COMPUTATION OF EARNINGS PER SHARE

COMERICA INCORPORATED
AND SUBSIDIARIES

	Three Months Ended June 30		Six Months Ended June 30	
	1992	1991	1992	1991
Primary:				
Average shares outstanding	56,806,000	53,715,000	56,704,000	53,376,000
Common stock equivalent:				
Net effect of the assumed exercise of stock options	1,001,000	684,000	1,039,000	540,000
Primary average shares	57,807,000	54,399,000	57,743,000	53,916,000
Net income (loss)	($15,384,000)	$67,540,000	$58,964,000	$130,519,000
Less preferred stock dividends	903,000	903,000	1,807,000	1,807,000
Income (loss) applicable to common stock	($16,287,000)	$66,637,000	$57,157,000	$128,712,000
Primary net income (loss) per share	($0.28)	$1.22	$0.99	$2.39
Fully diluted:				
Average shares outstanding	56,806,000	53,715,000	56,704,000	53,376,000
Common stock equivalents:				
Net effect of the assumed exercise of stock options	1,008,000	711,000	1,057,000	685,000
Average shares reserved for conversion of convertible debt	394,000	467,000	398,000	477,000
Fully diluted average shares	58,208,000	54,893,000	58,159,000	54,538,000
Net income (loss)	($15,384,000)	$67,540,000	$58,964,000	$130,519,000
Less preferred stock dividends	903,000	903,000	1,807,000	1,807,000
Income (loss) applicable to common stock	(16,287,000)	66,637,000	57,157,000	128,712,000
Interest on convertible debt less related income tax effect	92,000	115,000	187,000	271,000
Net income (loss) applicable to common stock excluding above interest (net of income tax effect)	($16,195,000)	$66,752,000	$57,344,000	$128,983,000
Fully diluted net income (loss) per share	($0.28)	$1.22	$0.99	$2.37